

JAN 28 2026

A BILL FOR AN ACT

RELATING TO HEALTH CARE MARKET OVERSIGHT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that consolidation in the
2 health care industry, including horizontal and vertical
3 integration among hospitals, health insurers, physician
4 organizations, and other health care entities, has accelerated
5 nationwide and within the State. Evidence from multiple
6 jurisdictions demonstrates that this consolidation frequently
7 results in increased health care costs, higher insurance
8 premiums, reduced competition, diminished patient choice,
9 workforce instability, and the restriction or elimination of
10 essential health care services, without corresponding
11 improvements in quality or access.

12 The legislature further finds that vertically integrated
13 health care transactions present unique risks to the public
14 interest because they combine control over the financing,
15 delivery, and management of care within a single corporate
16 structure, thereby enabling cost shifting, preferential
17 contracting, patient steering, service denial, and the



1 displacement of higher-cost or higher-need patients onto public
2 and safety-net health systems. These effects disproportionately
3 burden the State, counties, and taxpayers, and undermine the
4 stability of the State's public hospitals and health programs.

5 The legislature recognizes that federal antitrust
6 enforcement alone is insufficient to address these risks,
7 particularly where transactions fall below federal reporting
8 thresholds or where competitive harms are localized, cumulative,
9 or indirect. The legislature finds that states have
10 increasingly exercised their sovereign authority to establish
11 health care-specific transaction review frameworks that
12 supplement, but do not preempt or conflict with, federal
13 antitrust law. This Act is informed by and incorporates best
14 practices from other state oversight models, including pre-
15 transaction notice requirements, comprehensive public-interest
16 review standards, and enforceable approval authority.

17 The legislature further finds that the health care market
18 structure directly affects affordability, access, and public
19 expenditures, and therefore constitutes a matter of core state
20 policy appropriately subject to legislative oversight. While
21 administrative agencies are best positioned to conduct technical



1 and economic analyses of proposed transactions, the ultimate
2 determination of whether certain large-scale, vertically
3 integrated health care mergers are consistent with the public
4 interest is a policy judgment that warrants legislative review
5 where specified thresholds of market concentration and cost
6 impact are met.

7 Accordingly, the purpose of this Act is to:

- 8 (1) Establish a state oversight framework for material
9 health care entity mergers, acquisitions, and other
10 consolidation transactions;
- 11 (2) Require advance notice and public interest review by
12 the state health planning and development agency; and
- 13 (3) Require legislative approval, by concurrent
14 resolution, of certain vertically integrated health
15 care transactions that meet specified market share and
16 pricing impact thresholds.

17 SECTION 2. Chapter 323D, Hawaii Revised Statutes, is
18 amended by adding a new part to be appropriately designated and
19 to read as follows:

20 **"PART . HEALTH CARE MARKET OVERSIGHT**

21 **S323D-** **Definitions.** As used in this part:



1 "Health care entity" means any hospital, hospital system,
2 health insurer, health maintenance organization, physician
3 organization, provider group, ambulatory surgical center, or
4 other entity licensed or authorized to provide or finance health
5 care services in the State.

6 "Material health care transaction" means a merger,
7 acquisition, affiliation, joint venture, consolidation, asset
8 transfer, or other arrangement that results in a change of
9 control, governance, or material influence over a health care
10 entity.

11 "Vertical consolidation" means a material health care
12 transaction between entities operating at different levels of
13 the health care supply chain, including but not limited to
14 insurers and providers, hospitals and physician organizations,
15 or entities that finance, manage, or deliver health care
16 services.

17 **S323D- Health care transactions; notice required.** (a)
18 A health care entity shall not enter into a material health care
19 transaction unless the entity provides written notice to the
20 state agency no later than one hundred eighty days before the
21 proposed effective date of the transaction.



1 (b) The notice shall include, at a minimum:

2 (1) A detailed description of the transaction structure

3 and governance changes;

4 (2) Identification of all parties to the transaction and

5 affiliated entities;

6 (3) Current and projected market shares by service line

7 and geographic area;

8 (4) Historical and projected pricing, reimbursement rates,

9 and premium impacts;

10 (5) Impacts on access to care, the workforce, and service

11 availability;

12 (6) Any planned changes to service lines, facilities, or

13 patient eligibility criteria; and

14 (7) Any additional information required by the state

15 agency.

16 **§323D- State agency review.** (a) The state agency shall
17 conduct a comprehensive review of each material health care
18 transaction to determine whether the transaction is in the
19 public interest.

20 (b) In conducting its review, the state agency shall
21 consider whether the transaction:



12 (c) The state agency may approve, approve with conditions,
13 or disapprove the transaction.

14 **§323D- Legislative approval.** (a) Notwithstanding any
15 law to the contrary, no material health care transaction
16 involving vertical consolidation shall take effect until
17 approved by the legislature under subsection (c) whenever the
18 transaction:

19 (1) Would result in a combined entity controlling twenty-
20 five per cent or more of any relevant health care



1 service market or insurance market within the State or
2 any county; and

3 (2) Would result in, or is reasonably projected to result
4 in:

5 (A) Price increases exceeding medical inflation
6 benchmarks:

7 (B) Premium growth exceeding state cost growth
8 targets; or

11 (b) Upon completion of its review, the state agency shall
12 transmit a report to the legislature containing:

13 (1) Findings and conclusions regarding the transaction;

14 (2) Any recommended conditions or restrictions to impose
15 on the transaction; and

16 (3) A recommendation for approval or disapproval.

17 (c) A transaction subject to this section shall not be
18 implemented unless approved by a concurrent resolution adopted
19 by the legislature.

20 (d) Failure of the legislature to approve the transaction
21 shall constitute a denial.



1 **§323D-** **Penalty.** (a) A health care entity that
2 consummates a material health care transaction without approval
3 as required under this part shall be subject to:

4 (1) Civil penalties not to exceed \$1,000,000 for each
5 separate offense;
6 (2) Injunctive relief, including unwinding of the
7 transaction; and
8 (3) Any other relief deemed appropriate by a court of
9 competent jurisdiction.

10 (b) Each date of violation shall constitute a separate
11 offense.

12 **§323D-** **Rules.** The state agency may adopt rules pursuant
13 to chapter 91 necessary for the purposes of this part."

14 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: 



S.B. NO. 3175

Report Title:

SHPDA; Health Care Entity Transactions; Market Oversight; Mergers and Acquisitions; Vertical Integration; Legislative Approval

Description:

Establishes a state oversight framework for material health care mergers, acquisitions, and other consolidation transactions. Requires advance notice and public interest review by the State Health Planning and Development Agency. Requires legislative approval, by concurrent resolution, of certain vertically integrated health care transactions that meet specified market share and pricing impact thresholds.

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